RAJYA SABHA

Tuesday, the 26th December, 1989/ the 5th Pausa 1911 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Growth rate in the Eighth Five Year Plan

*21. PROF. CHANDRESH P. THAKUR: Will the PRIME MINISTER be pleased to state:

(a) by when the Eighth Five Year Plan would be implemented; and

(b) what is the broad rate of growth envisaged for the Eighth Five Year Plan?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) The Eighth Five Year Plan is scheduled to begin on April 1, 1990 and to be implemented during the five year period ending March 31, 1995.

(b) The rate of growth for the Eighth Five Year Plan has not yet been finalised.

PROF. CHANDRESH P. THAKUR: Mr. Chairman, Sir, let me extend my warm greetings first to the Prime Minister. I am delighted that he is facing the first question today which relates to the economic destiny of the country. Sir, the answer to part (1) of the question is heartening in view of the fact that there is an implicit message that we are going to continue with the process of planned development. However, putting the pieces together, on whatever has appeared since the new Government has come in power, one gets a picture which is not necessarily encouraging for the process of planning. Planning requires a strong political will, a well-committed ideology and a firm plan of action. But the political patchwork of compromise which is around the aroma of power is unfortunately a sure recipe for policy paralysis. Let me make the point, Sir. When we find that the promise of alternative growth-model has been made, we also find the back-up for the alternative plan-model in a political system where my friend Dipen Ghosh is accepting the leadership of Shri L. K. Advani or his senior colleague, another evidence, Mr. Jyoti Basu, is having Haldia honeymoon with the heavyweights of private enterprise. In that context... (*Interruption*).

SHRI DIPEN GHOSH: I have not accepted the leadership of Shri L. K. Advani. We have accepted the Government led by Mr. V. P. Singh, the erstwhile... (*Interruption*).

MR. CHAIRMAN: Let him complete the question. Otherwise, we will get into unnecessary things. (*Interruptions*).

SHRI DIPEN GHOSH: Their No. 1 has been replaced by the erstwhile No. 2 of that Government. (*Interruptions*).

SHRIMATI JAYANTHI NATARAJAN: It is not leadership. It is a honeymoon. (*Interruptions*).

PROF. CHANDRESH P. THAKUR: Planning is still a part of the residual portfolio so far as the new Cabinet is concerned. Sir, the oversized Planning Commission gives an impressions of re-employment and political rehabilitation rather than preparation for a serious planned-effort. Now, in this context, I would like to ask my first supplementary around part(b) of the question which is unanswered. Is the basis of the rate of growth which is being considered going to be empty coffers or has there been a further wisdom added to the Government so far as their coffers are concerned?

PROF. MADHU DANDAVATE: Sir, after the background paper that he has read, he has given a small question. I will concentrate on that. (*Interruptions*). I am sorry. I withdraw my sense of humour. (*Interruptions*).

MR. CHAIRMAN: He is answering.

PROF. MADHU DANDAVATE: As far as part (b) of the question is concerned, Sir, I made it very clear that as far as the formulation of the plan is concerned, it is a fact that the approach document was already ready in August 1989. But even that approach document was not approved by the Cabinet and as a result of that when the new Government is formed it will take some time to re-assess the Seventh Five Year Plan, to find out what the requirements of the coming Plan are in the light of the new priorities which the new Government wants to set. We will try also to remodel the priorities, the developmental model. And as far as the growth is concerned, though we have not finalised the rate of growth, I would like to tell this House the question that we will ask of ourselves is not only how much growth but growth for whom, and that is the problem on which we are concentrating. In the meantime I can assure the House there will be no vacuum at all because we are already formulating the Annual Plan and, therefore, though at the prescribed rate the Eighth Plan will not be formulated and will not be ready, we will like to see that the implementation of the Annual Plan comes to pursue the longer objective of formulating the entire Eighth Five Year Plan.

PROF. CHANDRESH P. THAKUR: My second supplementary is, part (a): I would like a guarantee that we are not entering the era of rolling plans; part (b): I would like to have a guarantee from the Prime Minister or his colleague that we are going to look after the depressed regions in a very conscious way. I am particularly talking about the State which I come from; the State of Bihar is one of the lagged States where the per capita income is going down. Will the Government ensure that during the next five years sufficient resources out of the Central Pool will be allocated for the development of Bihar? In particular, I would like to know whether the national Government investment outside the steel and coal sectors will be substantially stepped up so that by the end of the Eighth Plan the per capita income in Bihar is on a par with the national per capita income?

PROF. MADHU DANDAVATE: As I stated earlier, there is no formulation of the Five Year Plan but on the basis of our perspectives I can assure the honourable Member that not only the question of Bihar but the question of regional economic imbalances will be tackled and that will be one of the major perspectives of the new Government.

SHRIMATI JAYANTHI NATARAJAN: I want the reaction of the honourable Minister, through you, about an astonishing statement made on the so called national TV two days ago by the newly rehabilitated member of the Independent Initiative, Mr. L. C. Jain, who is now a member of the Planning Commission. He said that growth is not important and growth is not relevant. Does the Government subscribe to this view and if it does, what is the basis of the Eighth Plan?

PROF. MADHU DANDAVATE: I may tell the honourable Member that his statement has to be viewed in the context and the background that he placed in that interview. He made it clear that it is not merely the rate of growth that is important but that to whom the growth is accrued. And he made it clear, we reject totally the percolation theory in which elitist growth take place at the upper strata and the poor people at the grass root level have to wait with the begging bowl. We reject the trickle and percolation theory. We want growth to take place but we want to see that the growth is equitably distributed to all sections of society.

SHRI JAGESH DESAI: As regards growth rate, the question is how the fruits of growth are distributed. During 1978-79 the percentage of be-

low the poverty line was 48 and it went up to 51. Now it has been reduced to 29 per cent. Therefore, I would like to ask the honourable Minister whether the fruits of growth have been distributed to the poorer sections or not. If it was so, why does the Government say that growth is not important but regional imbalances? How it is distributed, that is relevant. So, during the previous Government led by Rajiv Gandhi whether the growth was distributed to the poorer sections or not—that is the question. And will the Government take that into account and modify its statement?

PROF. MADHU DANDAVATE: In fact, I do not want to induct the names of leaders. I would only say this much...

SHRI JAGESH DESAI: I have given the facts.

PROF. MADHU DANDAVATE: Rajiv Gandhi is a fact. I do not have any desire to provoke you. I will still answer your question. Even the Government, while launching the anti-poverty measures, had clearly accepted that still the task of equitable distribution or fairly equitable distribution of wealth in the country and the kind of growth are yet to be achieved. In fact, if you go through the various statements that were made on the eve of launching the Jawahar Rozgar Yojana and other schemes, it was clearly stated, "No doubt, growth is taking place in the country. But we want that this growth should reach the lowest strata and that is why we are trying to take up the anti-poverty measures," and, therefore, there is no conflict between what you are saying and what we are saying. We only say that it is not only growth that has to be accelerated, but also that the process of distribution is to be accelerated and we will try to reconcile the processes of growth as well as distribution.

SHRI PAWAN KUMAR BANSAL: That is what the previous Government was trying to do.

MR. CHAIRMAN: Yes, Mr. Yashwant Sinha.

SHRI YASHWANT SINHA: Sir, my friend, Mr. Chandresh Thakur, has drawn the attention of the honourable Minister to the regional disparities. I go by the Minister's assurance that this will be taken care of in the Eighth Plan. But I have another question to ask. There were a number of distortions taking place in the economy of the country during the implementation of the Seventh Five Year Plan and...

SHRI SUBRAMANIAN SWAMY: Especially in 1985-86.

SHRI YASHWANT SINHA: Well, since 1985-86. Anyhow, Mr. Swamy, when you get your chance, you please ask your question.

SHRI V. GOPALSAMY: He has lost all his chance!.. (*Interruptions*)...

SHRI YASHWANT SINHA: My point is that most of these distortions in the economy have been brought out in the paper which has been presented to Parliament on behalf of the Economic Advisory Council. Now, the question which I would like to ask of the Finance Minister is whether the Government will take steps during the Eighth Plan to correct those distortions, particularly the consumption pattern entirely devoted to the elite of this country and whether they will lay emphasis on wage goods and on such other matters which will ultimately subserve the needs of the masses of this country.

PROF. MADHU DANDAVATE: Sir, I wish to assure the honourable Member and the entire House that as far as the distortions and aberrations are concerned, they are varied in nature. But one of the distortions which he has pointed out is a very important and prominent distortion and, as a result of that, you will find that the consumption pattern of this country is completely lopsided and, therefore, we will have to see that even while concentrating on production processes to contribute to the growth, we concentrate especially on those commodi-

ties which are commodities of mass consumption so that it does not remain an elitist approach, but it becomes an approach which is pro-poor and pro-large sections of the people who are living below the poverty line.

MR. CHAIRMAN: Yes, Mr. Kulkarni.

SHRI A. G. KULKARNI: Sir, the Economic Advisory Council recently has given us a book which explains the present economic scenario and it seems that that scenario is a little bit disturbing. I want to know one thing from the honourable Minister Just as my friends have stated, the growth which they are envisaging, they have not decided as yet on that. But it was indicated by the previous Government also to be roughly about six per cent. Growth for the elite and growth for the poor are two different concepts. A person like me will always insist on this model and not on the Mahalanobis model. This is the firm view of a person like me. But, Sir, in this connection, I would like to know what the magic with the Professor is: I do not understand it. When there is a revenue deficit of about three per cent of the GDP, I do not know how the money is going to be found, whatever you may say about the growth being in the interest of the people below the poverty line and all that. How are you going to finance this Plan, whether it is a one-year Plan or whether it is a Five Year Plan?

PROF. MADHU DANDAVATE: Sir, the hon. Member is probably asking me to anticipate what the budget proposals will be. He will agree with me that if I indulge in that exercise, then my fate will be that of Dalton who had to resign. But I can assure him this much that we will go by some of the recommendations and analyses offered by the Economic Advisory Council. They made it explicitly clear that one of the objectives has to be to reduce the widening deficit. As far as the last Five Year Plan is concerned, there is one target which has been over-reached and that is the target of deficit-financing. For the entire last Five-Year Plan the target was 14000 crores of rupees and with one year less it has crossed 27000 crores of rupees.

SHRI A. G. KULKARNI: Professor, excepting the Janata years, you have never been in the Government. The Government has to be a government and depend on growth.

PROF. MADHU DANDAVATE: I do not know why the hon. Member is provoked. He asked me a specific question. He referred to the deficits. Therefore, I am actually supplementing his information saying that the target for the entire Five-Year Plan was 14000 crores of rupees and we have crossed 27000 crores of rupees. Of course, the deficit of this year is still to be announced. Taking note of that, we will try to arrange and manage the econmy in such a manner that we shall try to generate more resources on one side. We will try to avoid extravagant expenditure. We will try to see that the non-productive expenditure is reduced. So, whatever is spent will regenerate the resources.

SHRIMATI JAYANTHI NATARAJAN: Why are you making a special claim then?

PROF. MADHU DANDAVATE: Will you listen to me? My hon. friends are saying that there is nothing new. In order that I should appear to be novel. I do not want to put forward some ideas which are abstruse. These are the important aspects which were pointed out in the past. But they have not been implemented. Even in the paper which has been presented, some of these aspects have been referred to. We will see to it that these recommendations are effectively implemented.